

BROKER FIDUCIARY RATING REPORT

Summit Capital Private Limited

REPORT DATE:

June 30, 2025

RATING ANALYSTS:

Shaheryar Khan Mangan

shaheryar@vis.com.pk**RATING DETAILS****Broker Fiduciary Rating****BFR3+***Good Fiduciary Standards***Rating Rationale**

The rating signifies sound management and client services, and effective internal control and regulatory compliance, while ownership and governance framework, along with business and financial sustainability, are considered adequate.

Rating Date

June 30, 2025

COMPANY INFORMATION**Incorporated in 2006****External auditors:** Yousuf Adil Chartered Accountants**Private Limited Company****Chief Executive Officer:** Mr. Muzammil Hussain Merchant**Key Shareholders (with stake 5% or more):****Chairman of the Board:** Mr. Ali Kashif Rizvi*Bank Makramah Limited (Formerly Summit Bank Limited) ~ 100%***APPLICABLE METHODOLOGY****Applicable Rating Criteria: Broker Fiduciary Ratings:**<https://docs.vis.com.pk/Methodologies%202024/Broker-Fiduciary-Rating.pdf>**APPLICABLE RATING SCALE(S)****VIS Issue/Issuer Rating Scale:**<https://docs.vis.com.pk/docs/VISRatingScales.pdf>

Summit Capital Private Limited

CORPORATE PROFILE	OVERALL GRADING
<p>Summit Capital Private Limited is a private limited company, providing equity and commodity brokerage services and research to institutional as well as retail clients. Major shareholding of the Company is vested with Bank Makramah Limited (Formerly Summit Bank Limited), who serves as the Parent Company. The Company provides both online and assisted trading services to its clients, and has offices in Karachi and Lahore.</p>	<p>The chart displays a 100% stacked bar with five segments representing different credit rating categories. From top to bottom, the segments are: BFR1 (Outstanding, light blue), BFR2 (Strong, medium blue), BFR3 (Good, dark blue), BFR4 (Adequate, very dark blue), and BFR5 (Weak, darkest blue). A score of 60 is marked on the BFR3 segment. A legend on the right identifies the categories and the score marker.</p>

The Company holds Trading Rights Entitlement Certificate (TREC) granted by Pakistan Stock Exchange Limited (PSX), registered with SECP to provide Trading & Self Clearing Services. External auditors of the company are Yousuf Adil Chartered Accountants. External auditors belong to category 'A' on the approved list of auditors published by the State Bank of Pakistan (SBP).

Business and Financial Sustainability Indicators			
	1QCY25*	CY24	CY23
Size of Net Worth (Rs. In Millions)	197	196	175
Gearing x (Total interest-bearing debt/ Total equity)	0.11x	0.25x	0.47x
Leverage x (Total liabilities/ Total equity)	1.20x	1.37x	1.14x
Liquid Assets/ Total Liabilities (x)	0.88x	0.92x	0.73x
Short term Investments/ Total Equity (%)	19%	-	22%

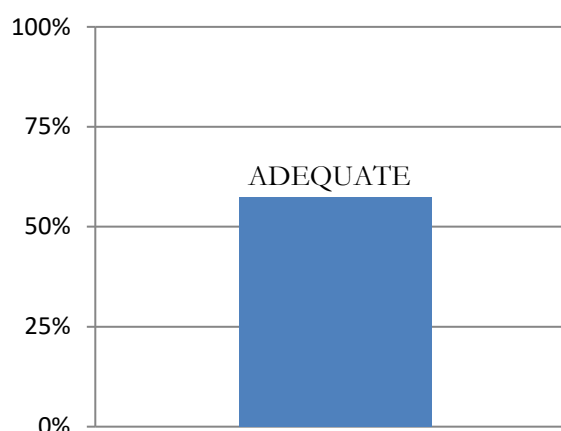
**Unaudited Accounts*

Summit Capital Private Limited

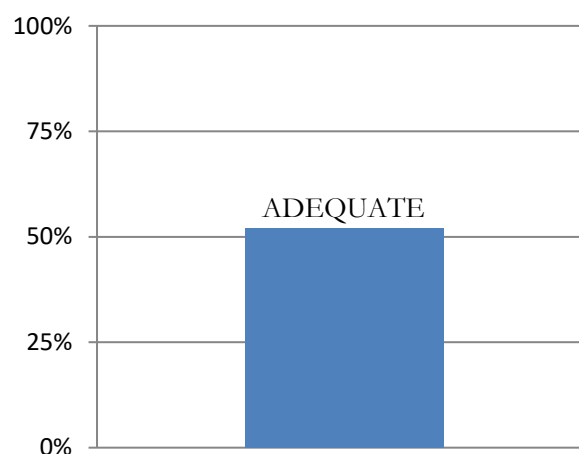
Rating Indicators

Ownership & Governance

- The Company's board comprises four members, with no independent representation. Additionally, the Company has only one board committee, which is the Audit Committee.
- Increasing the board size, along with addition of independent and certified members, may further strengthen the Company's overall governance framework, which will also facilitate formation of additional board committees.

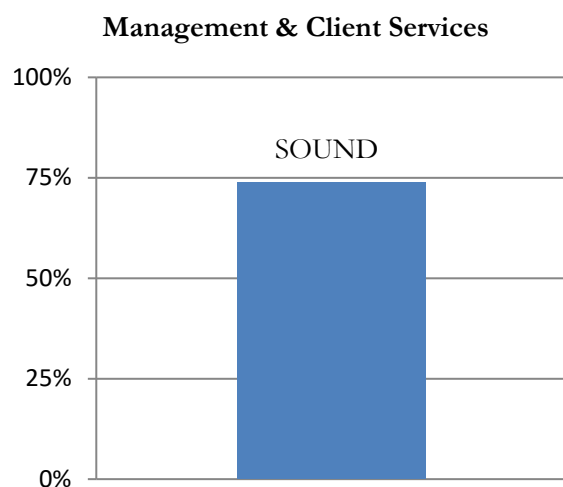
Ownership & Governance**Business & Financial Sustainability**

- During CY24, the Company's operating revenue grew by ~50% to PKR 133m (CY23: PKR 89m). This growth was primarily driven by a significant increase in brokerage revenue by ~68% to PKR 125m (CY23: 74m). The brokerage segment continued to dominate the Company's revenue mix, contributing ~94% to total operating revenue. During 1QCY25, the Company reported brokerage revenue of PKR 31.61m (1QCY24: PKR 19.701m).
- Consequently, the Company's cost-to-income ratio improved to ~76% in CY24 (CY23:111%). However, a slight weakening was observed in 1QCY25, increasing to ~88%.
- The liquidity profile of the Company is considered adequate, with liquid assets providing a coverage of 0.88x against its total liabilities as at Mar'25 (Dec'24: 0.92x, Dec'23: 0.73x).
- Market risk is considered low, while Capitalization indicators are considered manageable. Gearing and leverage ratios stood at 0.11x and 1.20x as at Mar'25 (Dec'24: 0.25x and 1.37x, Dec'23: 0.47x and 1.14x) respectively.
- Going forward, enhancement in earning profile, along with improvement in liquidity profile and leverage indicator as well as maintenance of market risk, and gearing levels will remain important for the rating.

Business & Financial Sustainability

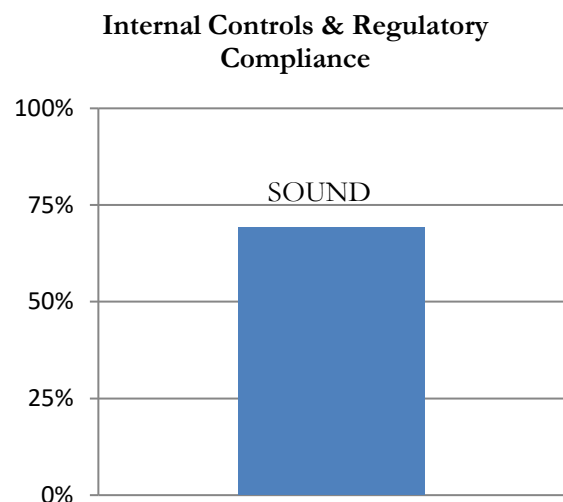
Management & Client Services

- Overall management and client servicing procedures are considered sound, with desktop and mobile trading platforms in place, facilitating clients in trade transactions. Additionally, improvement in client services has been noted, with prompt trade alerts upon trade execution
- While the organizational structure aligns with the size of the Company's operations, inclusion of a separate risk function may be considered.
- While a complaint header is available on the homepage, its visibility and user accessibility may be further improved
- Additionally, availability of equity and daily market research reports on the Company's website may further enhance the overall client experience.



Internal Controls and Regulatory Compliance

- Internal policies and procedures are in place. However, formulating a separate comprehensive conflict of interest policy along with dissemination of the same to all stakeholders may further strengthen the internal control framework of the Company.
- Employee's personal trading positions are monitored by compliance officer on daily basis.
- Similarly, internal control systems are reviewed by internal audit function on monthly basis.



Broker Fiduciary Rating Explained

In Securities Broker Fiduciary Rating (SBF), the strength of fiduciary role of the securities brokers is captured through the relative financial strength of the securities broker firm and its sponsors along with depth of internal control and governance framework, which are key rating ingredients. Responsiveness of the risk and internal control structure, quality of HR and soundness of the business infrastructure determine the strength of management and level of service quality of a stock broker. VIS Credit Rating Co. Ltd. (VIS) has developed a rating system that evaluates brokerage firms on the basis of such practices and the systems instituted to safeguard investor interests are at the forefront

Summit Capital (Private) Limited

REGULATORY DISCLOSURES				Appendix I
Name of Rated Entity	Summit Capital (Private) Limited			
Sector	Brokerage			
Type of Relationship	Solicited			
Purpose of Rating	Broker Fiduciary Rating (BFR)			
Rating History	Rating Date	Rating	Rating Outlook	Rating Action
	RATING TYPE: BFR			
	30/06/2025	BFR3+	Stable	Upgrade
	28/06/2024	BFR3	Stable	Initial
Instrument Structure	N/A			
Statement by the Rating Team	VIS, the analysts involved in the rating process and members of its rating committee do not have any conflict of interest relating to the credit rating(s) mentioned herein. This rating is an opinion on credit quality only and is not a recommendation to buy or sell any securities.			
Probability of Default	N/A			
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